

## MEMORANDUM

TO: Mayor Craig Brown and Members of Council

CC: City Manager Office, Executive Leadership Team, City Attorney Office

FROM: Sally Bakko, Director of Policy and Governmental Relations

DATE: February 10, 2023

RE: Legislative Report: Austin and Washington Updates

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Please find below updates on legislative activities in Austin and Washington. (*To access links below, control+click on link.*)

### Gulf Coast Protection District (GCPD) Update

The [Gulf Coast Protection District](#) Board of Directors met at 10:00 am on Wednesday, February 8th, at the Bay Area Community Center, 5002 E. NASA Parkway in Seabrook.

- JJ. Plunkett, Port Agent & Chief Operations Officer, made a presentation on the Houston Pilots study entitled “Ship Simulation Transit Scenario Modeling & Ship Pilot Study of the Maritime Implications for Commercial Ship Transits of the Proposed Houston Ship Channel Gate Complex.” Houston Pilots are very concerned the passage between the two gates is too narrow given the increasing size of ships. GCPD Board President Mayor Michel Bechtel, a commissioner on the Board of Pilot Commissioners for Harris County Ports, has been working engage with the Houston Pilots and examine their concerns.
- On Monday, February 13<sup>th</sup>, the Texas General Land Office (GLO) will appear before the Texas Senate Finance Committee to discuss their 2024-25 biennium budget request. Included in the GLO Budget is a line-item for GCPD (\$200 million, FY 2024; \$300 million, FY 2025) to cover portions of the non-federal share costs for the Sabine to Galveston Bay projects and the Coastal Texas project.

### San Jacinto Region 6 Regional Flood Planning Group Update

The [San Jacinto Region 6 Regional Flood Planning Group](#) (San Jacinto RFPG) met at the Harris-Galveston Subsidence District, 1660 West Bay Area Blvd., Friendswood, on Thursday, February 9, 2023. You can access agenda and meeting materials [here](#). Highlights of discussion:

- The Galveston 37<sup>th</sup> Street Drainage Project is one of 11 flood management evaluations (FMEs) the technical consultant is working with to elevate to a flood management project (FMP) status in the Amended San Jacinto Region 6 Regional Flood Plan (RFP) to be submitted to the Texas Water Development Board (TWDB). Only projects included in the State Flood Plan submitted to the legislature in 2024 (originating from the 15 Regional Flood Groups) will be eligible TWDB Flood Infrastructure Fund money.
- Upcoming Milestone dates:
  - April 13, 2023 – San Jacinto RFPG will vote to recommend new FMEs, FMPs.
  - June 8, 2023 – San Jacinto RFPG votes to adopt the Amended RFP.
  - July 14, 2023 – San Jacinto Region 6 Amended RFP due to TWDB.

## Austin Update

### 88<sup>th</sup> Texas Legislature – Regular Session Key Dates

**November 14, 2022** – Prefiling of bills by legislators begins.

**January 10, 2023** – Texas Legislature Convenes

**March 10, 2023** – 60-Day Bill Filing Deadline

**May 29, 2023** – Adjournment Sine Die (140<sup>th</sup> day or 20 weeks)

### Texas Legislature News Highlights

- House Speaker Releases Committee Assignments. Attached are two House committee assignment lists (listed by committee and listed by member) released by Speaker Dade Phelan this week. Galveston's State Representative Terri Leo-Wilson received the following committee assignments:
  - Juvenile Justice & Family Issues
  - Pensions, Investments & Financial Services
- **Student Mental Health Resources.** The Texas Child Mental Health Care Consortium, created by passage of SB 11 In 2019, connects pediatricians with limited behavioral health training with psychiatrists and expands training opportunities to increase the number of child psychiatry experts in the state. SB 11 also set up telemedicine network to assist with connecting schools with mental health care providers. House and Senate filed base biennium budget bills for FY 2024/25 would more than double the amount of funding for the Consortium (\$280 million over the biennium) to expand the program and the number of participating school districts (currently only about half of Texas school districts participate).
- **Public Education Formula Funding.** During the Senate Finance Committee hearing this week, senators questioned Texas Education Agency Commissioner Mike Morath about shifting the state's public education funding formula to an enrollment-based financial system. State funding to schools is based on student average daily attendance rate. When a student misses school, the district's attendance average goes down, and so does the amount of money it receives. School districts say enrollment-based formula could mean millions in additional funding. Commissioner Morath observed the current formula creates an incentive for school districts to locate students who are missing or chronically absent. Morath also estimated that if Texas were to overhaul its entire public education funding system and base it on enrollment, it would cost the state an extra \$6 billion per budget cycle. Senators also discussed the need to lower the recapture payments that property-rich school districts make to the state to help property-poor districts.
- **Gambling Update.** This week State Senator Lois Kolkhorst, an ally of Lt. Governor Dan Patrick, filed SB 715 on behalf of The Texas Sports Betting Alliance. The legislation does not legalize in-person sports betting, but would ask voters to decide in a November election whether they want to legalize online sports betting online (the companion bill HB 1942 filed by Rep. Jeff Leach). The second group pushing to expand gambling in Texas this session is led by Las Vegas Sands who wants to legalize casinos in addition to sports betting. State Representative Charlie Geren filed HJR 97, the Sands-backed bill would authorize casino licensing in the following metropolitan statistical areas: Dallas-Fort Worth-Arlington (2 resorts); the Houston-The Woodlands-Sugar Land (2 resorts); San Antonio-New Braunfels (1 resort); Corpus Christi (1 resort); and McAllen-Edinburg-Mission (1 resort). SJR 17, filed by Senator Carol Alvarado, would allow licensing by class: Class I – four (4) casino gaming licenses for destination resorts in metropolitan statistical areas with a population of 2 million or more; Class II – three (3) licenses for limited casino gaming to applicants who hold horserace licenses in metropolitan statistical areas of two million or more; Class III - two (2)

licenses for limited casino gaming to applicants who currently hold greyhound race licenses in metropolitan statistical areas of two million or less; and slot machine or casino gaming within Indian land. In the past, Lt. Governor Dan Patrick has opposed gaming legislation, but may be amenable to just online sports betting.

### **Texas Legislature Pre-Filed Bills of Interest**

Attached is a memorandum providing summaries of bills that may be of interest to Galveston. The bills are organized in the following categories:

- Texas Windstorm Insurance Association (TWIA)
- Property Tax
- Public Safety
- Community and Economic Development
- Open Government
- Other Finance and Administration
- Purchasing
- Transportation
- Utilities and Environment

### **Texas Windstorm Insurance Association (TWIA) Meeting in Galveston – February 14th**

The Texas Windstorm Insurance Association’s Board of Directors will meet at the Moody Gardens Hotel in Galveston on Tuesday, February 14 at 9:00 a.m. CT for its first quarterly meeting of 2023. You can access the agenda [here](#).

## **Washington Update**

### **OMB Issues Proposed Rule for Grants and Agreements**

On February 9<sup>th</sup>, the Office of Management and Budget (OMB) issued [proposed guidance](#) aimed at standardizing the implementation of the Build America, Buy America (BABA) provision of the Bipartisan Infrastructure Law. The BABA requires the use of U.S.-produced iron and steel, manufactured products, and “construction materials” in federally-funded infrastructure projects. The proposed rule includes changes to the federal grant rules, which largely reflect the initial implementing guidance contained in OMB’s [Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure](#), issued in April 2022. OMB seeks feedback on specific aspects of the proposed rules, including:

- **Definition of “cost of components”:** OMB proposes to use the same definition of “cost of components” as currently used in the Federal Acquisition Regulation (FAR) clauses which includes the acquisition cost and transportation costs for components purchased by the contractor and all costs associated with the manufacture of the component, including transportation costs, for those manufactured by the contractor.
- **Manufacturing standards for certain construction materials:** The proposed guidance includes standards for determining whether specific categories of construction materials should be considered “produced in the United States” for the following categories of construction material used in federally-funded infrastructure projects:
  - Non-ferrous metals
  - Plastic and polymer-based products
  - Composite building materials

- Glass
- Fiber optic cable
- Optical fiber
- Lumber
- Drywall
- OMB is requesting input on the proposed standards for fiber optic cable and optical fiber, and whether additional standards should be issued for other categories of construction material such as “coatings,” “brick,” and “engineered wood products.”
- **Guidance on distinguishing between “manufactured products” and “construction material”:** The proposed rule would define manufactured products as those “not categorized as a construction material” and that “do not consist wholly or predominantly of iron or steel or both.”
- **Feedback on definition of “predominantly iron or steel.”** OMB is seeking input on whether to adopt a definition of the term “predominantly iron or steel” to help differentiate between categories of products.

Comments on the proposed rule are due on March 13, 2023.

### **FEMA Webinars: Documenting Compliance with Build America, Buy America**

The following webinars provide an overview of the requirements and FEMA financial assistance applicability under the Build American, Buy America Act (BABAA) provisions in the Infrastructure Investment and Jobs Act.

[February 15<sup>th</sup> – 12:00 Noon – 1:00 p.m. CST](#)

[February 22<sup>nd</sup> – 10:00 am – 11:00 am CST](#)

### **FEMA Releases Calendar Year 2023 CPI Adjustment to the Statewide Per Capita Impact Indicator**

Last week, the Federal Emergency Management Agency (FEMA) [provided](#) the calendar year 2023 Consumer Price Index (CPI) adjustment to the statewide per capita impact indicator for recommending cost share adjustments for major disasters. The statewide per capita indicator for recommending cost share adjustments for any major disaster declared on or after January 1, 2023 through December 31, 2023 is \$173 per capita of the state or Tribal population. This adjustment is based on an increase of 6.5 percent in the CPI for All Urban Consumers for the 12-month period that ended December 2022.

### **Citigroup dropped from Texas’ biggest-ever muni bond deal over gun policy**

*Reprinted from Bloomberg article published on February 10, 2023*

Citigroup Inc. has been dropped from the group of banks poised to handle the biggest-ever municipal-bond transaction from Texas after the state’s attorney general’s office determined the firm “discriminates” against the firearms industry, barring it from underwriting most government borrowings in the state. Citigroup had been listed in the original iteration of the underwriting firms approved by the board in May and is no longer included in the final group.

Citi’s removal from the deal isn’t a surprise after Attorney General Ken Paxton’s office last month said that they would no longer “approve any public security issued on or after today’s date in which Citigroup purchases or underwrites the public security,” according to a Jan. 18 letter to bond counsels written by Leslie Brock, assistant attorney general chief of the public finance division. Citigroup is the second bank to be removed from the transaction. UBS Group AG was kicked off the deal in October after the state listed them among firms it considers to “boycott” the fossil fuel industry.

## **MARAD Opens Up \$662M In Port Infrastructure Funding**

The U.S. Maritime Administration (MARAD) has issued a [notice of funding opportunity](#) that makes more than \$662 million worth of fiscal year 2023 grants available to support port modernization efforts across the country. PIDP grants provide planning, capital funding, and project management assistance to improve port capacity and efficiency in both urban and rural areas for planning and capital projects. The agency said it will host a series of webinars – which will be listed on the PIDP [webpage](#) – that describe PIDP NOFO requirements as well as the PIDP application process. Recordings of those webinars will be posted on MARAD’s website for those that cannot participate. MARAD also developed a list of Frequently Asked Questions – available by [clicking here](#).

## **Reports of Interest**

[Sports betting has risen tenfold in three years. Addiction experts fear the next opioid crisis.](#)

The Hill, February 10, 2023

[\\$45 million insurance incentive plan approved by Legislature to end special session](#)

Louisiana - The Advocate, February 3, 2023